

MEMORANDUM

To: Housing and Community Development Committee

From: Charlotte Caplan, Community Development Director

Date: June 12, 2006

Subject: Displacement of Affordable Mobile Home Housing by Development

The (now withdrawn) proposal for a development of a Walmart store on Cooper Boulevard would have displaced about 55 low-income mobile home owners and tenants from the Monticello mobile home park. At the April 11 Council meeting a group of non-profit agencies who had been working with the residents called for two Council initiatives:

1. A public/private partnership to maintain affordable housing, at Monticello or elsewhere, through a land trust.
2. An ordinance that will require relocation assistance be paid to residents displaced by any new development that displaces ten or more families or eliminates ten or more units of affordable housing.

Issues

The 2000 census recorded 1,464 occupied mobile homes within the City of Asheville, of which 894 were owner-occupied and 570 rented. Owner occupiers may or may not own the lot on which their home is located. Tenants paid an average rent of \$441 a month, only 80% of the average rent for all types of unit; even so, mobile home tenants pay a higher proportion of their income in rent than other tenants.

Conditions at Monticello exemplify issues faced by people who live in mobile homes on land which is owned by someone else. When a park is redeveloped there is a permanent loss of affordable housing units. However different groups of residents face different issues:

1. People who rent units can generally move to another park or to an apartment by paying moving costs and some rent or transportation cost increase.
2. People who own their units and rent only the lot have much tougher choices. It costs at least \$5,000 to move a mobile home, lots are hard to find, and most parks will not accept older units. Renting an apartment or even another mobile home will likely cost several hundred dollars a month more than the lot lease they have been paying. Buying a house or even a new mobile home is probably out of reach. If they have to abandon their unit they may also face a demolition charge. Those who are still paying off a purchase loan may be in the worst position of all.
3. Finally, some people own units that they rent to others. Like the owner-residents they will find it difficult to move their units, and therefore face permanent loss of that income. Some of these owner-landlords are themselves low-income.

Existing Tools to help

1. The City uses CDBG, HOME, and HTF funds to assist new affordable rental housing. 180 such units are currently under construction. Funding has been committed for another 197. Local funds are only a small part of each project: the main source of funds for rental development is Low Income Housing Tax Credits, accessed through an annual statewide competition.
2. Mountain Housing Opportunities uses City CDBG funds to preserve housing through its Emergency Repair program. MHO will repair 50 owner-occupied homes in 2006-07.
3. The City maintains a small CDBG fund to assist tenants displaced by City code enforcement action, with counseling, moving expenses, and rent deposits, but not on-going rent assistance. The average cost per tenant is \$1,500.

Land Trust

A Community Land Trust is an effective but complex mechanism for holding, in perpetuity, land on which owner-occupied homes are built. The affordability of the units on re-sale is controlled through the terms of a land lease. For rental housing or a mobile home park, **provided there is a willing seller**, acquisition by an appropriate non-profit agency will generally serve to ensure long-term affordability without a separate trust mechanism,.

The cost of preservation may be high. The Monticello park has a tax valuation of over \$1,000,000, and the market value may be much higher than that. Neither the City nor a non-profit would want to own rental property that is not in decent condition, so costs of improving the site and replacing substandard units would have to be added.

Ultimately, construction of new, permanent, rental housing would probably be the most effective long-term use of such a site.

Ordinance Requiring Relocation Assistance

NC state law requires only that mobile home owners be given 180 days notice in which to relocate themselves if a mobile home park is to be converted to another use. Staff have identified a number of local ordinances in other states providing for local government approval of mobile home park or other rental housing conversions, and payment of relocation assistance by landlords. All of these ordinances are in California or other areas with a history of very tight rental markets and acceptance of government regulation of rental property. A summary is attached.

In Asheville, such legislation would surely face considerable opposition. We might be better off using our conditional zoning or conditional use processes to effect relocation on a case-by-case basis rather than adopting a stand-alone ordinance.

Please advise if you need additional information.

Key Features of Local Ordinances Requiring Relocation Payments to Displaced Tenants

A. Rental Property in General

These ordinances seek to preserve rental housing from conversion to other uses and provide some relocation assistance to displaced low-income tenants (generally much less than would be provided in the case of a federally-assisted project).

Burlington, VT - Zoning Ordinance - Article 15: Housing Preservation and Replacement / Demolition and Conversion. www.ci.burlington.vt.us/planning/zoning/znordinance/article15.html

1. Review Board approval required to demolish any residential structure or convert to non-residential use;
2. Relocation assistance to be given to tenants – moving expenses, rent & utility deposits;
3. Demolished/converted units must be replaced through new construction, conversion to residential, or making high rent units affordable to low-income households (<80% AMI).
4. Items 2-3 do not apply to luxury rental units (rent > 2 x FMR).

Glendale, CA – Municipal Code Chapter 9.30: Just Cause and Retaliatory Evictions.
www.ci.glendale.ca.us/gmc/9.30.asp

1. Relocation assistance required in case of eviction where landlord is recovering possession in order to demolish, renovate, or convert unit to another use, or complying with a government order to vacate the premises;
2. Assistance is \$1,000 plus 2 x monthly FMR.

Seattle, WA – Municipal Code 22.210: Tenant Relocation assistance.

1. Complex procedure to be followed in case of demolition, conversion, or rehabilitation or rental units;
2. Relocation assistance paid to low-income displaced tenants (<50% AMI);
3. Half paid by landlord; half by City;
4. Assistance set at \$2,000 in 1998, reviewed annually.

Santa Monica, CA – Municipal Code 4-36: Relocation assistance ordinance
http://santa-monica.org/atty/consumer_protection/tenant/relocation_ordinance.htm

1. Relocation assistance required when landlord demolishes, converts, or otherwise removes units from residential rental use;
2. Sliding scale of assistance reviewed annually (1999 level was from \$3,400 for 1-bed up to \$6,250 for 4+ beds);

3. Landlord also pays City \$250 fee for counseling services;
4. Fees waived if landlord provides acceptable alternative accommodation and pays moving costs.

B. Mobile Home Parks

These ordinances and draft ordinances deal with balancing the property rights of mobile home park owners with the housing needs of mobile home owners renting sites within a park. They provide for substantial relocation assistance which may be sufficient to deter conversion to another use.

City Of Thousand Oaks, CA. Newly Approved Amendment to City Regulations Regarding Proposed Mobile Home Park Closures or Conversions to a Different Use

1. Initiated because of concerns about potential closure of a specific mobile home park
2. City approval required before a park can be closed or converted
3. Depending on specific circumstances, City may require relocation assistance, including one or more of:
 - a. actual relocation to another mobile home park.
 - b. assistance toward relocation to alternative housing.
 - c. payment of the in-place market value of each home.
 - d. rental assistance for 12 months in alternative rental housing.

Sunnyvale, CA. Municipal Code 19.72: Conversion of Mobile Home Parks to Other Uses <http://municipalcodes.lexisnexis.com/codes/sunnyvale/>

1. Owner proposing conversion of a mobile home park to another use must file an Impact Report with the City
2. Owner must also report when vacancy exceeds 25% (safeguard against clearing the park before declaring a change of use)
3. Relocation assistance to be provided to owners of units, as either
 - a. Cost of moving the units to another park, or
 - b. Payment of in-place market value, plus first refusal on any new housing units built on the site.
4. Unclear what (if any) assistance is due to mobile home tenants

Pinellas County, FL. Ordinance No. 05-92: Mobile Home Transition Program <http://www.pinellascounty.org/Community/MobileHomeOrdinance%20No%2005-92.pdf>

1. Park owner requesting re-zoning or other “official action” must provide information on replacement housing needs of mobile home owners in the park and available replacement units (mobile homes or apartments)

2. Owner deposits with County a rental assistance fund based on difference between lot rents and equivalent apartment rents for 24 months plus cost of counseling
3. County administers rent assistance payments – pays new landlords directly

San Leandro, CA: Zoning Code Article 23: Mobile Home Conversions

<http://www.ci.san-leandro.ca.us/develop/ar23.pdf>

1. Use permit required for conversion of mobile home park to another use.
2. Owner must file an impact and relocation plan identifying replacement housing
3. Owner must pay moving costs and related costs to relocate units and residents to comparable sites or other housing.
4. Relocation cost may include cost of buying a replacement unit if existing unit cannot be moved.
5. Residents have first refusal on new housing units built on original site

Massachusetts. State Law Title XX Chap 140.32R: Sale or lease of manufactured housing community. <http://www.mass.gov/legis/laws/mgl/140-32r.htm>.

1. Owner of mobile home park must give residents notice of any sale
2. Residents have 135 days to match any sales offer and jointly contract to buy the park.

There are a number of local ordinances around the nation that have similar effect to the Massachusetts state law.